





# **Metsä Group's Interim Report Q1/2025**

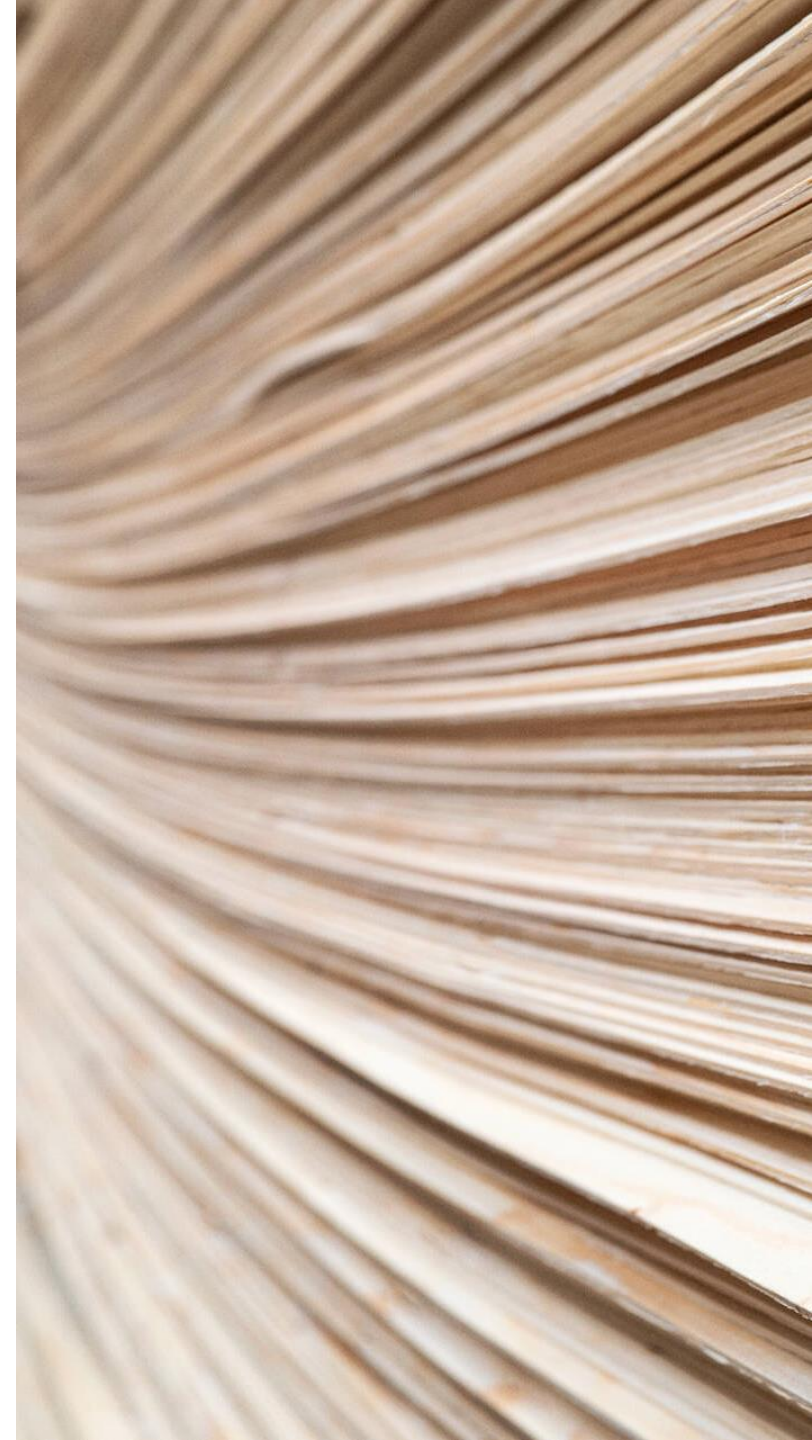
**President and CEO Ilkka Hämmälä**

29 April 2025



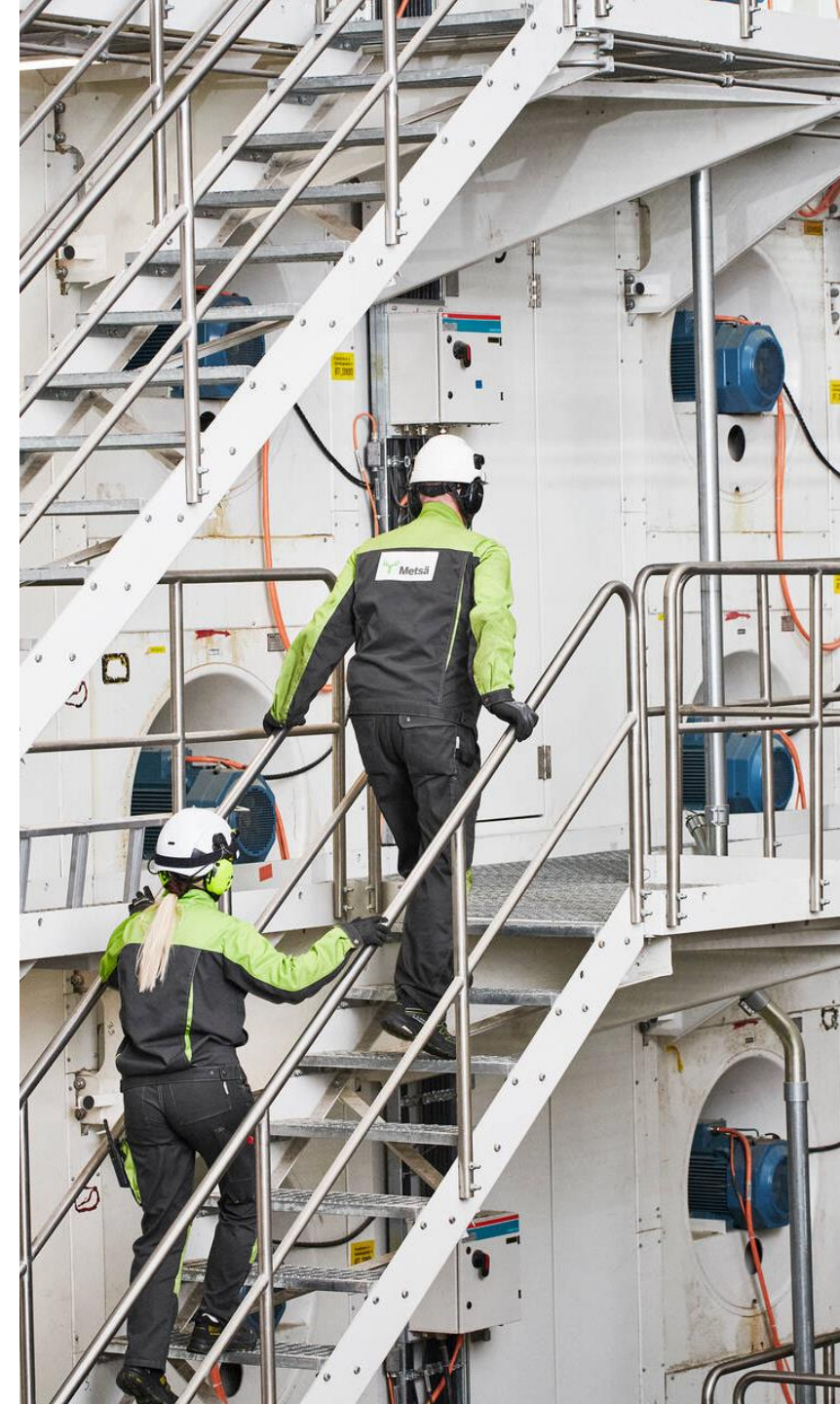
# Demand for Metsä Group's products remained muted

- Sales EUR 1,642 million (Q1/2024: EUR 1,457 million)
- Operating result\* EUR 81 million (70), or 4.9% of sales (4.8)
- Return on capital employed\* 4.4% (4.0)
- The first quarter of 2025 was marked by continued low demand and a weak financial result. The result improved year-over-year thanks to higher sales prices. Last year's operating result was weakened by strikes in Finland
- Completed and planned development investments will strengthen Metsä Group's competitiveness in all market situations
- The Group has a strong 57% equity ratio, and its net gearing ratio is around 20%
- The conditions for pursuing profitable business in Finland are good despite the recent upheaval in global politics and economic uncertainties

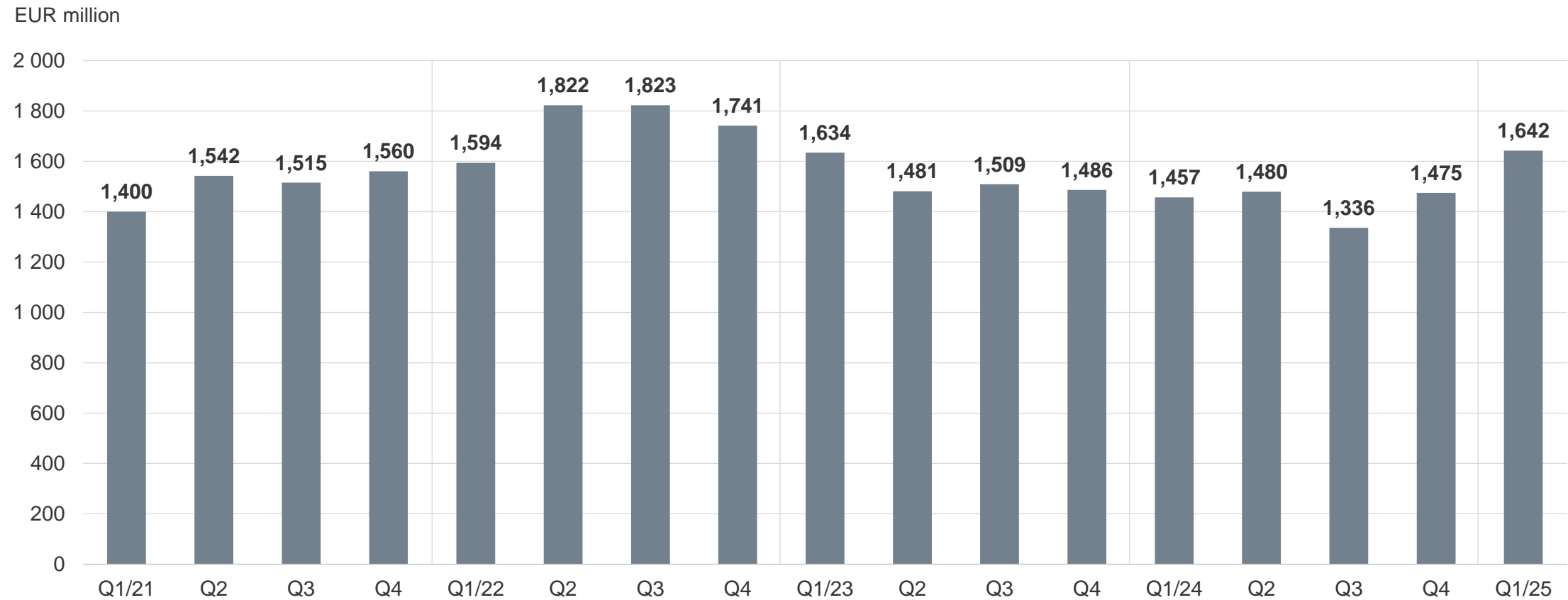


# Recent events

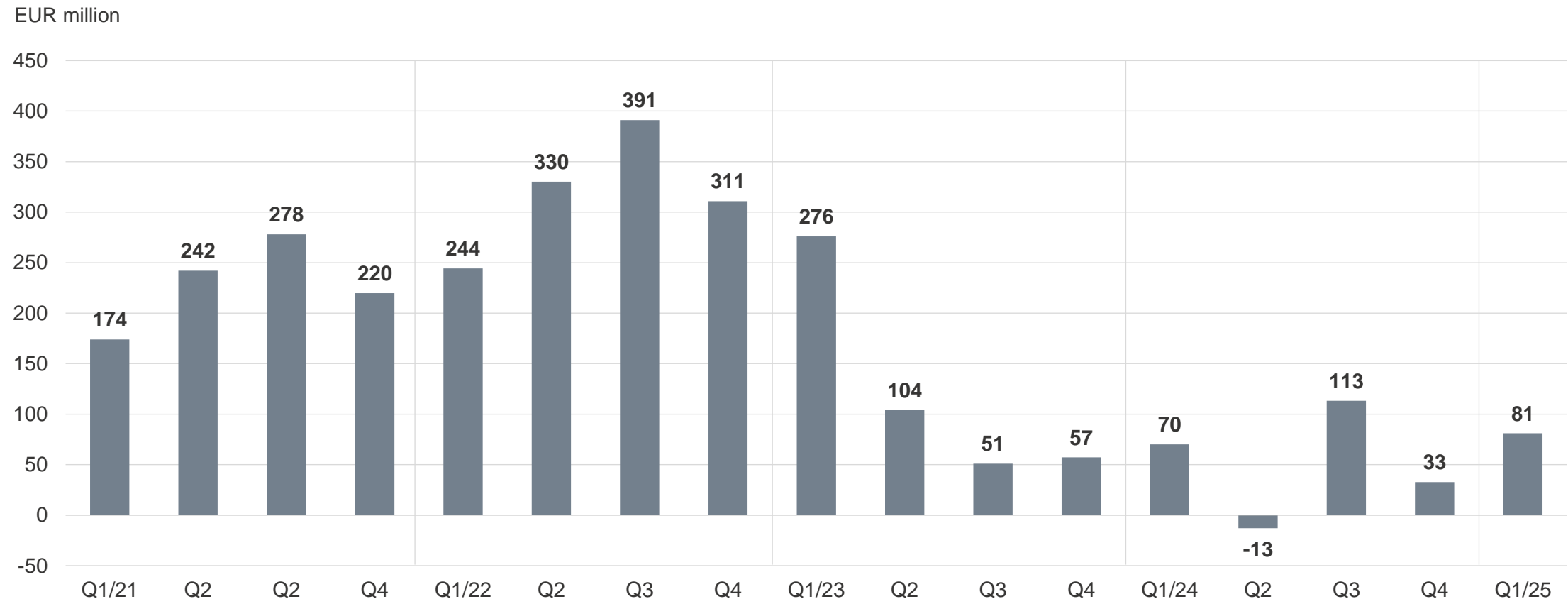
- In February, Metsä Group initiated pre-engineering of a Kuura textile fibre mill in preparation for the fibre's industrial production
- It was decided to shut down the Tako board mill and improve the operational efficiency of the Kyro board mill. These measures will lead to the reduction of 208 jobs
- Plans for capacity adjustments and equipment modernisation are underway at the Kreuzau tissue paper mill. The Mänttä tissue paper mill is investing in fresh fibre processing and equipment renewals, and planning to phase out recycled fibre. Change negotiations are underway at the mills
- Jussi Vanhanen has been appointed CEO of Metsäliitto Cooperative as of 1 May 2025 and President and CEO of Metsä Group as of 1 July 2025
- Sari Pajari-Sederholm has been Metsä Tissue's CEO since 1 March 2025
- Esa Kaikkonen has been Metsä Board's CEO since 7 April 2025



# Sales, quarterly



# Comparable operating result, quarterly





# Change in comparable operating result

EUR million

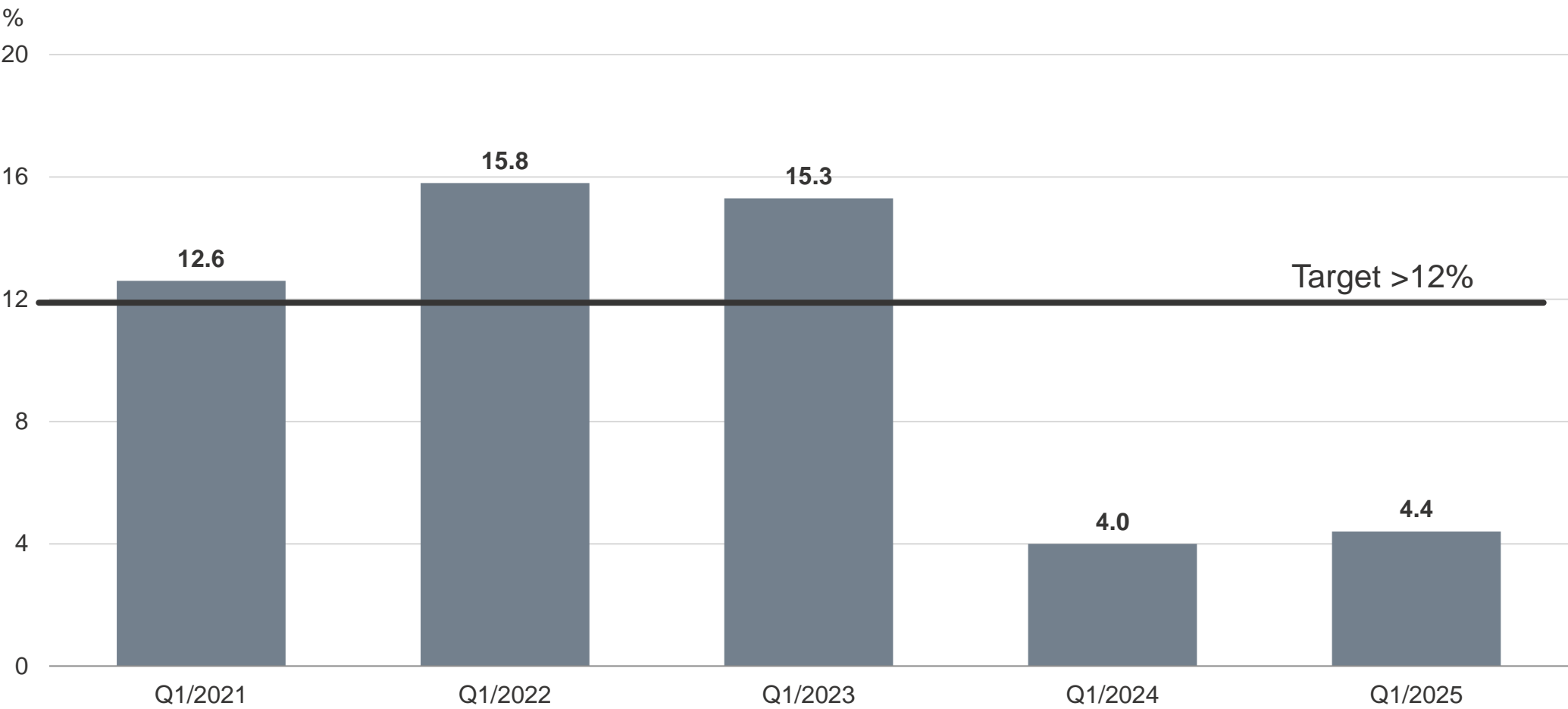
<b>Comparable operating result Q1/2024</b>	<b>70</b>
Sales prices	37
Sales volumes	28
Exchange rates (after hedging)	2
Change in the unit costs of wood raw material	-45
Change in the unit costs of raw material, energy and other variable costs	8
Employee costs	-9
Maintenance and other fixed costs	-6
Change in inventories (including volume and valuation)	-4
Depreciation and other	1
<b>Comparable operating result Q1/2025</b>	<b>81</b>

# Items affecting comparability

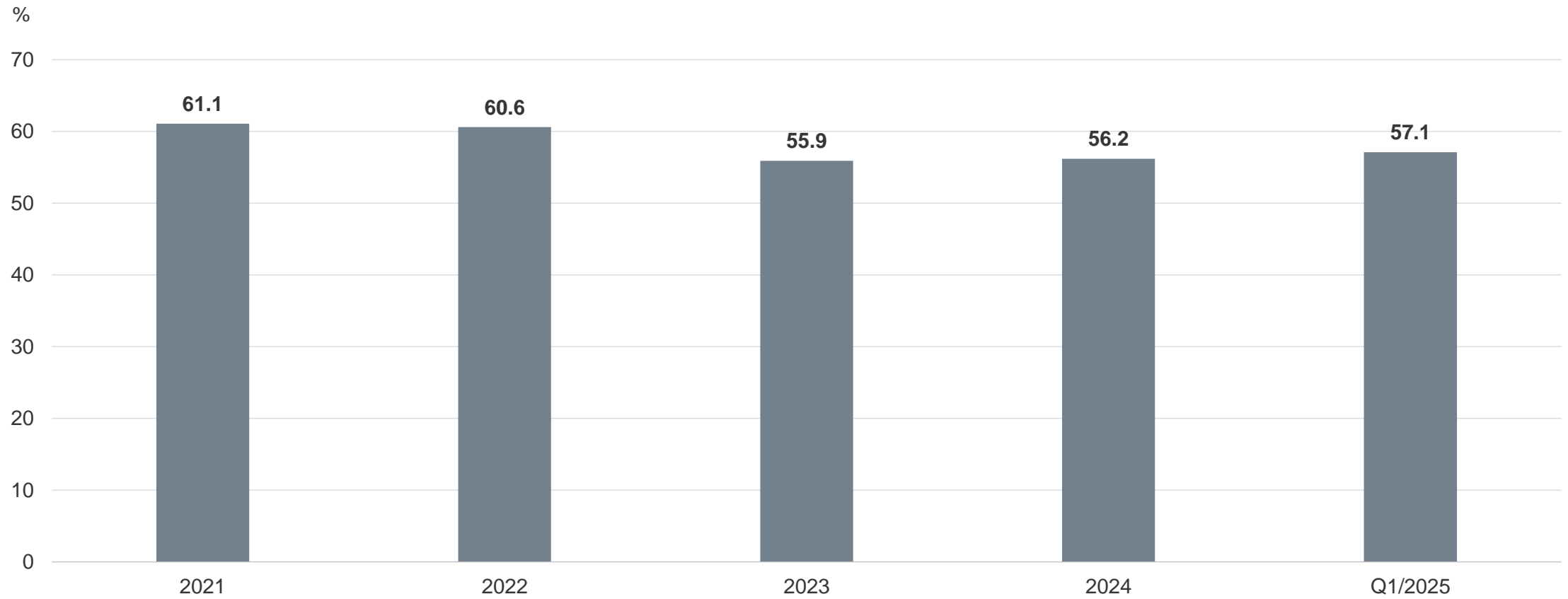
EUR million	Q1/2025
<b>OPERATING RESULT (IFRS)</b>	<b>51</b>
Items affecting comparability:	
Impairment of Tako board mill's assets	26.7
Discontinuation of Kumpuniemen Voima Oy's operations	4.3
Capital gain from the shares in OOO Metsä Forest St Petersburg	-1.3
Other items	-0.1
<b>Items affecting comparability, total</b>	<b>29.5</b>
<b>COMPARABLE OPERATING RESULT</b>	<b>81</b>



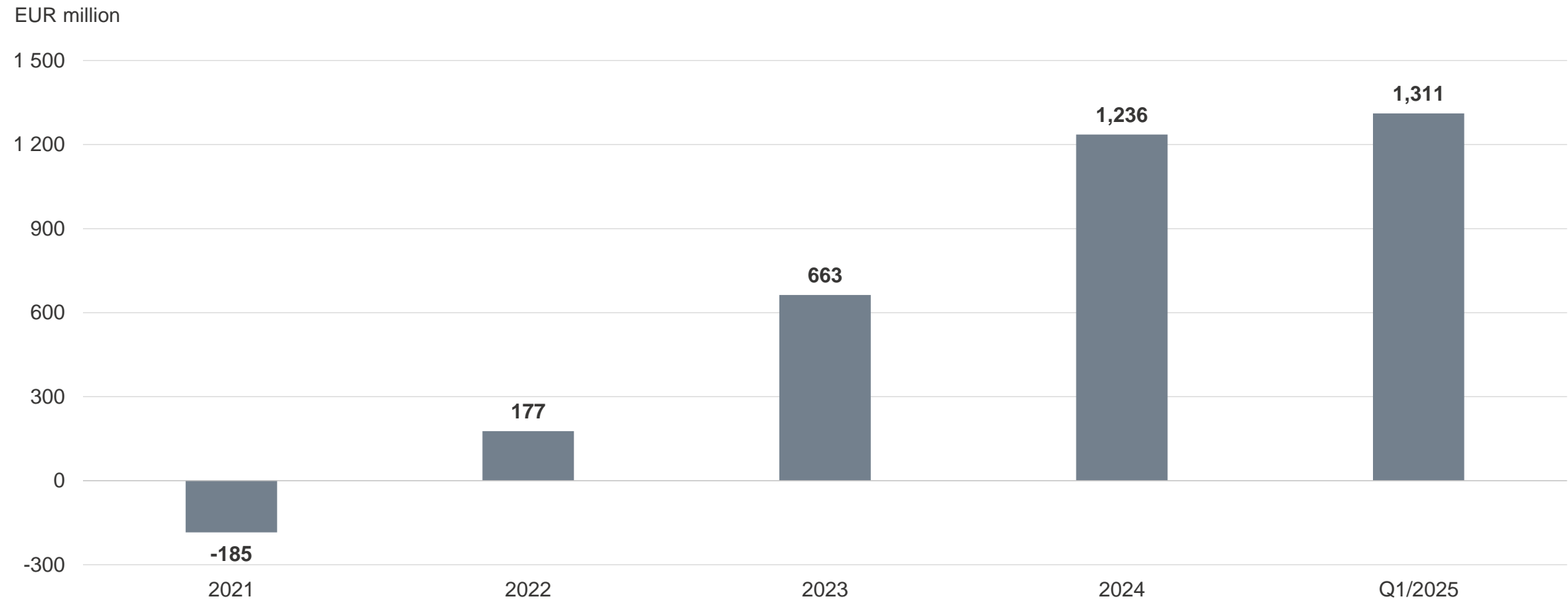
# Comparable ROCE



# Equity ratio

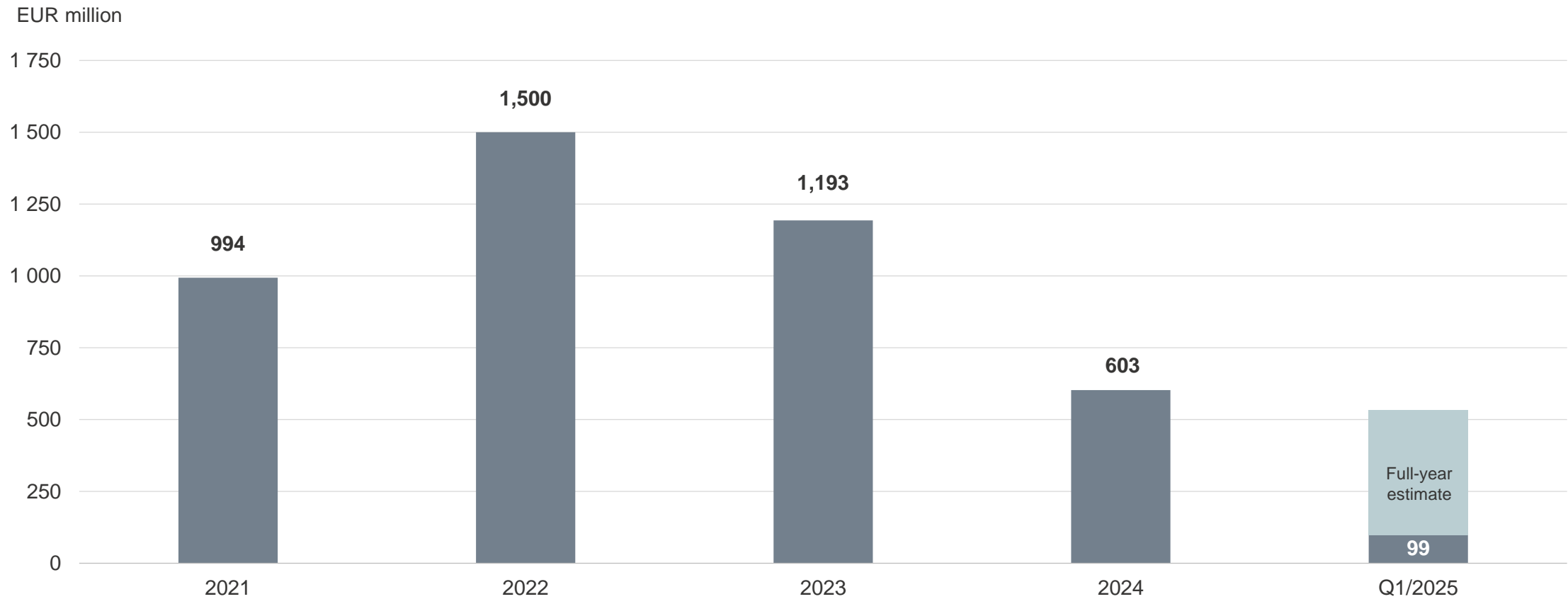


# Interest-bearing net liabilities



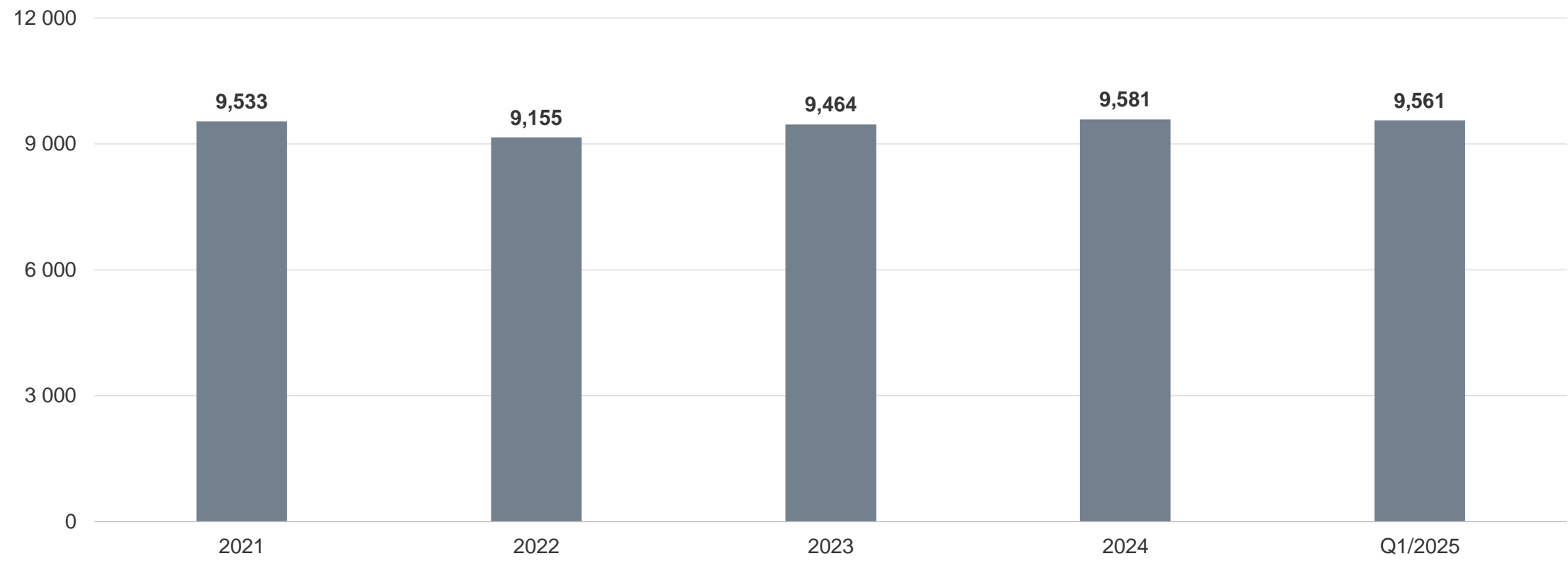


# Total investments



Includes investments in leased property, plant and equipment

# Personnel



# Wood purchases and service sales were successful in January–March

- Forest owners' customer experience and forest service sales reached a new record
- Wood trade in private forests was brisk in the early part of the year. Wood prices remain at a record high in Finland
- The pulpwood market situation in the Baltics is balanced. In Sweden, demand for wood is very strong
- Delivery volumes increased clearly, totalling 9.2 million m<sup>3</sup> (8.4) in January–March
- The Metsä Group Plus management model has remained very popular
- The wood supply business in Latvia is to be sold to ACA Timber, a Latvian company. The transaction is expected to be completed during the second quarter

**Sales and comparable operating result**  
EUR million

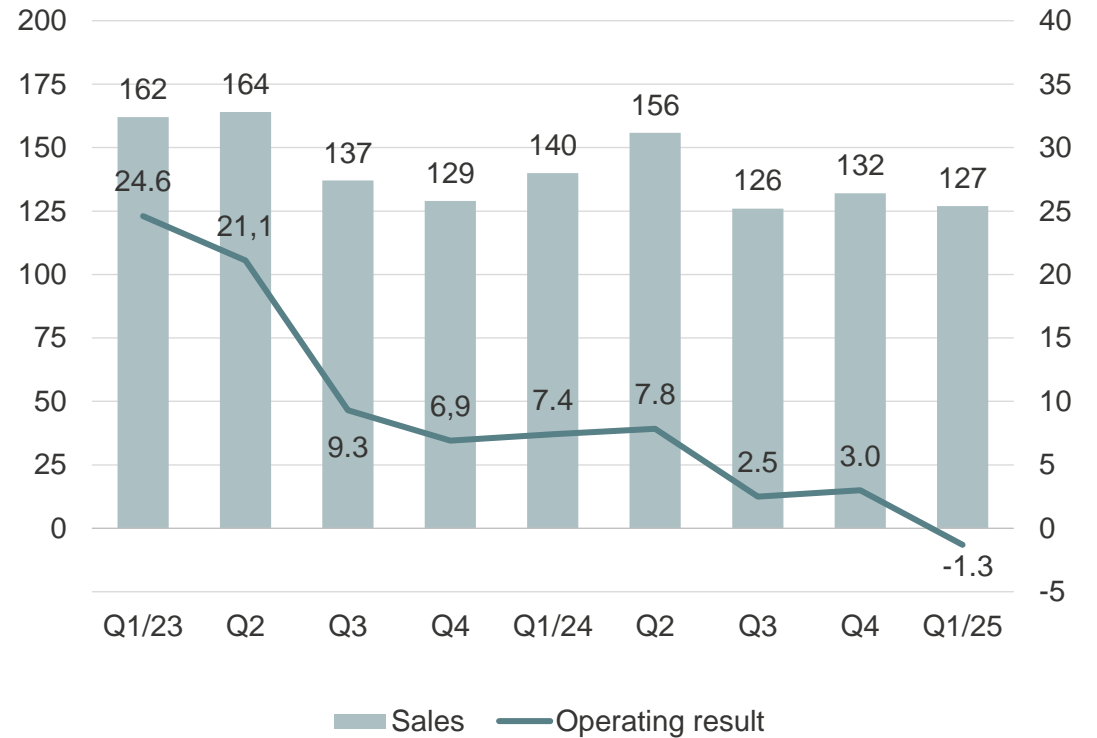




# The construction cycle and profitability of wood products remained weak

- Sales and delivery volumes fell due to the weak construction cycle
- The delivery volumes and sales prices of Kerto® LVL increased slightly year-over-year
- Profitability decreased due to low demand for spruce plywood, wood costs and challenges in the ERP system's deployment
- Operations at the Suolahti birch plywood mill ended in March. Employees will be offered work at Metsä Group's other production units
- Construction of the Kerto LVL mill in Äänekoski has progressed to equipment installation as planned

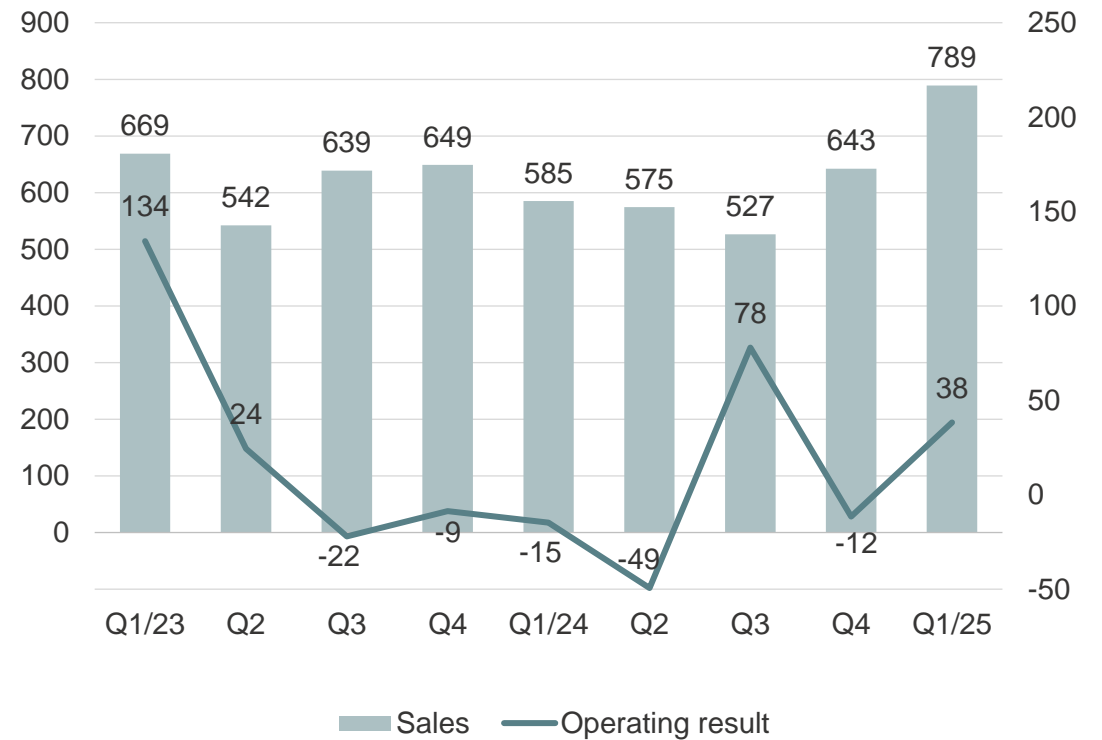
**Sales and comparable operating result**  
EUR million



# Operating result of pulp and sawn timber industry boosted by sales prices and delivery volumes

- Sales and operating result increased from the first quarter of 2024 due to higher sales prices and delivery volumes
- In the comparison period, political strikes in Finland affected pulp and sawn timber deliveries
- Demand for softwood market pulp was stable in Europe and North America. In China, demand was at a good level during the early part of the year but weakened in March
- Pulp sales prices increased from the first quarter of 2024 and remained at the level recorded in the fourth quarter
- Sawn timber demand remains at a low level in all the main markets

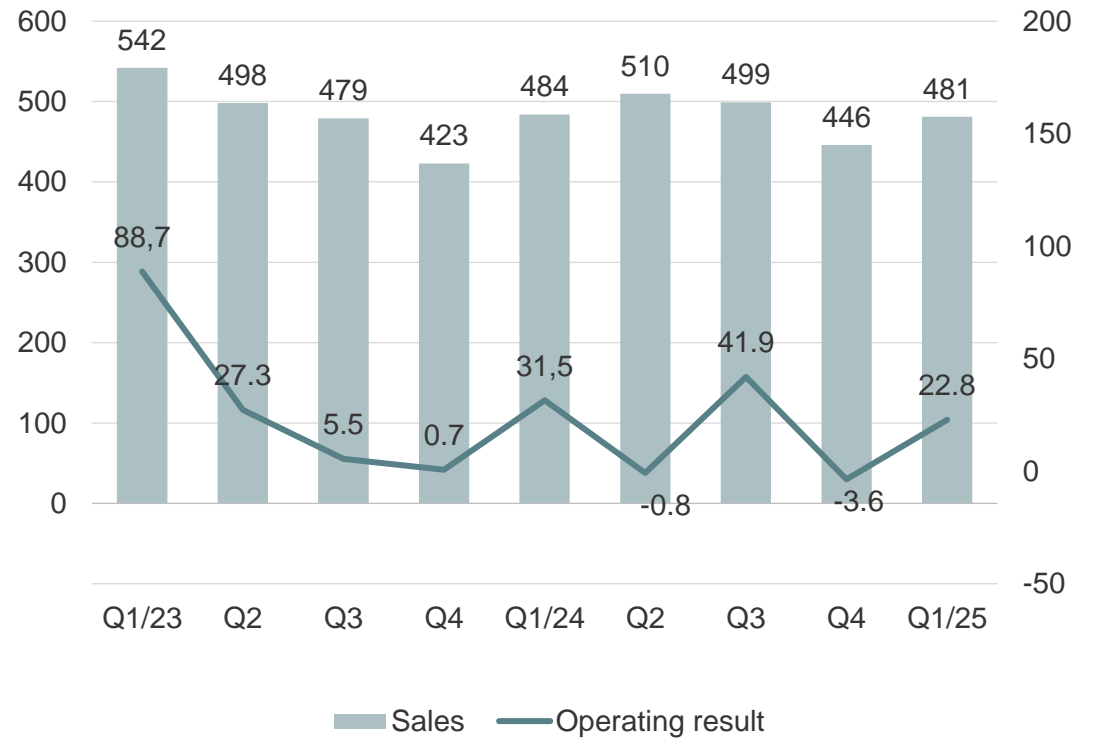
Sales and comparable operating result  
EUR million



# Paperboard deliveries increased from the previous quarter, profitability at a low level

- Paperboard and market pulp sales developed similarly to the comparison period
- Paperboard sales prices remained at last year's level
- Energy and chemicals costs were down from the comparison period, but wood and logistics cost increased clearly year-over-year. Personnel expenses increased slightly
- It was decided to shut down the Tako board mill in the first half of the year. The Kyro board mill's operational efficiency will be improved. These measures will lead to the reduction of 208 jobs
- A development programme, including the renewal of the paperboard production line's coating section, is underway at the Simpele board mill. The value of the investment is approximately EUR 60 million

Sales and comparable operating result  
EUR million

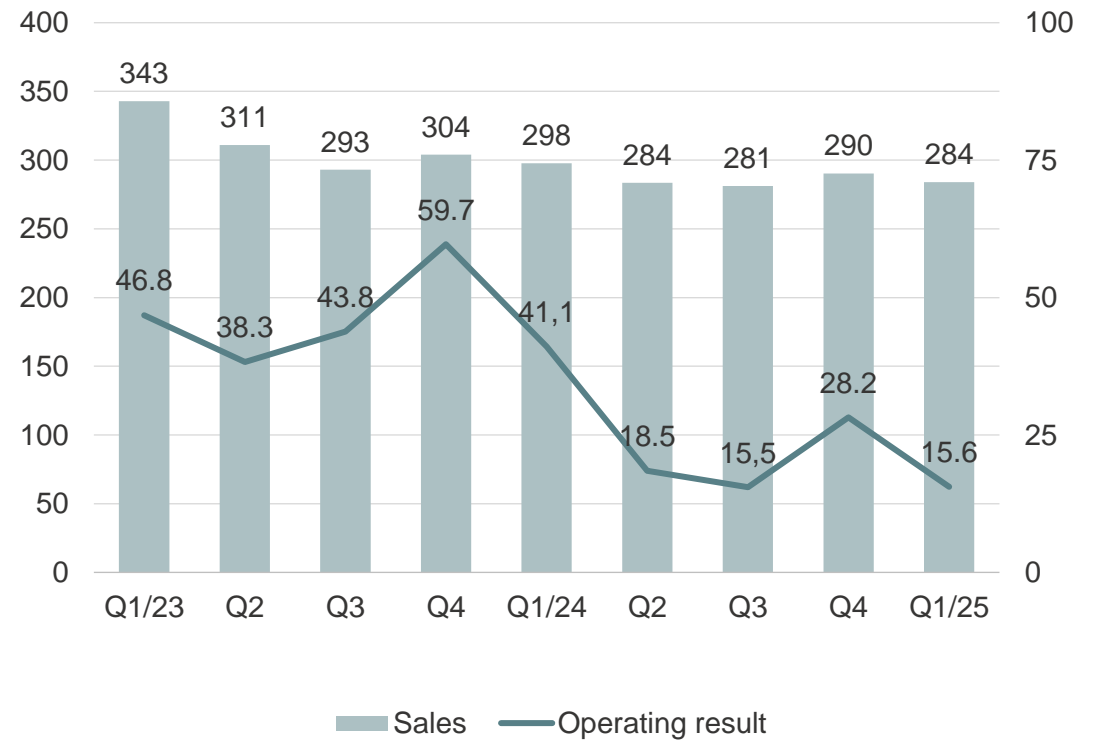




# Reasonable result in tissue and greaseproof papers

- The result decreased from the comparison period because of lower sales volumes and higher costs. Market-based production curtailment continued
- Main equipment installation is underway at the Mariestad mill. The renewed mill will start operations in the second half of the year
- The investment programme at the Mänttä mill is moving forward. The plan is to focus on fresh fibre-based tissue paper production and phase out the use of recycled fibre. Change negotiations are underway
- The adjustment plan for the Kreuzau mill is progressing
- In Goole, planning of the new mill has continued

Sales and comparable operating result  
EUR million



# Market outlook

- The US import duties announced after the reporting period are creating uncertainty in delivery estimates
- The outlook for construction remains muted, and this is reflected in the weak demand for spruce plywood in particular. However, demand for Kerto LVL products remains stable
- If implemented, the tariffs will reduce demand for market pulp due to slower economic growth and shift trade flows for softwood pulp
- In May, a five-week repair shutdown will begin at the Kemi bioproduct mill
- Demand for sawn timber is expected to see a slight seasonal increase
- Cautious purchase behaviour and paperboard supply growth outpacing demand growth add to the uncertainties. As tariffs weaken the predictability of paperboard sales, the company is not providing an estimate of sales volume development
- Demand for tissue and greaseproof papers is expected to remain stable



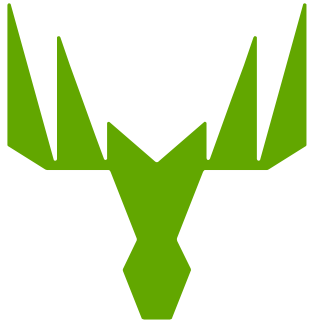


# Near-term result outlook

- Metsä Group's comparable operating result in April–June 2025 is expected to be weaker than in January–March 2025







**Metsä**

**Growth, with  
a future**